

SOUTHERN CROSS EXPLORATION NL

HALF-YEAR REPORT

For the period ended

31 December 2016



SOUTHERN CROSS EXPLORATION NL

A.B.N. 70 000 716 012

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Your Directors present their Report on the consolidated entity ("the Group"), which consists of Southern Cross Exploration NL ("the Company") and the entities it controlled for the half-year ended 31 December 2016.

1. REVIEW AND RESULTS OF OPERATIONS

Announcements made by the Company to the Australian Stock Exchange (ASX) during the period, providing information on the Company's activities, are accessible on the Company's website: www.sxxgroup.com and also via the ASX website, at www.asx.com.au.

The Company's operations during the half-year ended 31 December 2016 were principally examining possible participation in a number of new projects and maintaining and reviewing the group's gold and mineral exploration projects and investments.

The total comprehensive loss for the period was \$1,862,197 (2015: \$552,990) and operating loss was \$1,862,197 (2015: \$326,365).

2. URANIUM

2.1 NORTHERN TERRITORY - BIGRLYI URANIUM JOINT VENTURE

Southern Cross has been in this joint venture project since the early 1980s and holds a 5% interest.

Energy Metals Limited (EME) holds 53.3% and is the Operator. The joint venture also includes Uranium Africa Ltd, which holds 41.7%.

EME is controlled by China General Nuclear Power Holding Company (CGNPC), which is one of the two largest nuclear power generating companies in China. It is a multi-billion dollar company which currently has 8 operating nuclear power plants, with a further 14 under construction.

The Company's investment in the Bigrlyi Uranium Joint Venture was written down to \$0 as at 31 December 2016, based upon the Director's best estimate of the joint venture and the likelihood of generating future revenues. This impairment of \$1,786,497 was the major factor in the total comprehensive loss for the period of \$1,862,197.

For detailed information on the Bigrlyi project, log onto the website of EME at www.energymetals.net.

SOUTHERN CROSS EXPLORATION NL

3. GOLD - PHILIPPINES

3.1 BATANGAS GOLD PROJECT (10%)

Tenement applications - EPA IVA-115 and PMPSA IV-110

The Batangas Gold Project is located in the Province of Batangas, about 2 hours from Manila. The project consists of an EP Application and an PMPSA, which are yet to be granted. After exercising options, a 10% interest was acquired by the Company's wholly-owned subsidiary Northern Star Investments (Qld) Pty Ltd.

Given the current political climate in the Philippines and the fact that the JV partners have not been able to advance the application, the company is considering abandoning its interest in the application.

3.2 Gold Cross Project - (20%) - Municipalities of Norzagaray & Dona Remedios Trinidad, Province of Bulacan - Island of Luzon

Tenement applications - MA-P-III-02-04, MA-P-III-05-04, MA-P-III-06-04, MA-P-III-07-04

Southern Cross holds a 20% interest in the Gold Cross Gold Project in the Philippines. The project area is located in the Province of Bulacan about 100 kms north-east of Manila. Southern Cross can acquire an additional interest in the Gold Cross Gold Project by exercising its rights to purchase the balance of 80% in several tranches.

As with Batangas Gold project, given the current political climate in the Philippines and the fact that the JV partners have not been able to advance the application, the company is considering abandoning its interest in the application.

4. MAGNESITE - IRAN

The company maintains its 10% interest in a private group based in Dubai and Teheran which holds several exploration tenements for magnesite in Iran.

No advice on the status of this interest was received during the quarter and the company is unable to verify the current status of the tenements.

5. OIL & GAS & ENERGY

There were no acquisitions or disposals of any interests in any of the Company's projects during the period.

Oil and gas exploration opportunities in Australia and overseas continue to be examined, with a view to direct participation by SXX.

6. WAILOALOA DEVELOPMENTS LIMITED – 49%

The Company holds a minority interest (49%) in a Fijian Company (Wailoaloa Developments Limited – 'WDL'). WDL owns 40 acres of freehold land in Nadi Fiji.

Civil works are well advanced after receiving all necessary approvals. The subdivision will yield 111 lots.

7. DATELINE RESOURCES LIMITED.

On 13 December, 2016 SXX increased its investment in DTR by a further \$1,400,000. SXX is committed to its investment in Dateline Resources Limited (ASX: DTR), in which it presently holds a 39.87% stake, and believes there is considerable value to be unlocked from DTR's future development of the Gold Links project in Colorado along with its Udu project in Fiji.

8. DIRECTORS.

The names of the Directors who have been Directors at any time during or since the end of the half-year are:

Director since

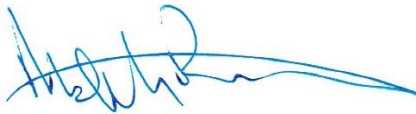
Stephen Baghdadi	February 2013
Andrew Phillips	August 2013
Craig Coleman	February 2014

9. AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors.

DATED at Sydney this 15th day of March 2017.



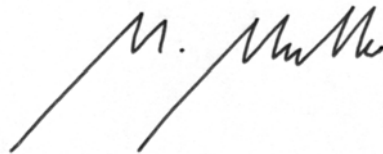
S Baghdadi
Director

AUDITOR'S INDEPENDENCE DECLARATION**To the Directors of Southern Cross Exploration N L:**

As lead auditor for the review of Southern Cross Exploration N L for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Southern Cross Exploration N L and the entities it controlled during the half-year.



**Sydney, NSW
15 March 2017**

**M D Muller
Partner**

SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	<u>Note</u>	Consolidated 31 December 2016 \$	31 December 2015 \$
Revenue from continuing operations	2	539,198	123,132
Share of loss of associate	8	-	(30,120)
Administration expenses		(440,143)	(390,208)
Depreciation	9	(4,331)	(3,609)
Finance Costs		-	(19,200)
Occupancy Costs		(64,648)	(39,611)
Impairment of investment in JV	6	(1,786,497)	(136,555)
Other income/(expenses)	3	<u>(105,776)</u>	<u>169,806</u>
Loss from continuing operations before income tax		(1,862,197)	(326,365)
Income tax expense		<u>-</u>	<u>-</u>
Loss from continuing operations		(1,862,197)	(326,365)
Other comprehensive income: Items that may be classified to profit or loss			
Loss on revaluation of investment in JV		-	(226,625)
Total comprehensive loss for the period		<u><u>(1,862,197)</u></u>	<u><u>(552,990)</u></u>
Basic and diluted loss per share	14	(\$0.0017)	\$0.0003

The Consolidated Statement of Profit or Loss and Other Comprehensive Income
should be read in conjunction with the accompanying Notes.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

	<u>Note</u>	Consolidated 31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		635,306	2,187,180
Available for sale financial assets	4	664,146	589,956
Receivables	5	<u>367,481</u>	<u>520,152</u>
TOTAL CURRENT ASSETS		<u>1,666,933</u>	<u>3,297,288</u>
NON-CURRENT ASSETS			
Investment in Joint Venture	6	-	1,786,497
Available for sale financial assets	7	170,643	104,854
Investments accounted for using the Equity Method	8	1,558,336	75,950
Plant and Equipment	9	<u>27,008</u>	<u>31,339</u>
TOTAL NON-CURRENT ASSETS		<u>1,755,987</u>	<u>1,998,640</u>
TOTAL ASSETS		<u>3,422,920</u>	<u>5,295,928</u>
CURRENT LIABILITIES			
Trade and other payables	10	484,771	495,582
Financial liabilities	11	<u>10,000</u>	<u>10,000</u>
TOTAL CURRENT LIABILITIES		<u>494,771</u>	<u>505,582</u>
TOTAL LIABILITIES		<u>494,771</u>	<u>505,582</u>
NET ASSETS		<u>2,928,149</u>	<u>4,790,346</u>
EQUITY			
Share capital	12	22,863,391	22,863,391
Accumulated losses	13	<u>(19,935,242)</u>	<u>(18,073,045)</u>
TOTAL EQUITY		<u>2,928,149</u>	<u>4,790,346</u>

The Consolidated Balance Sheet
should be read in conjunction with the accompanying Notes

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Share Capital \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2016	22,863,391	-	(18,073,045)	4,790,346
Net Loss for the period	-	-	(1,862,197)	(1,862,197)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,862,197)	(1,862,197)
Share Issues	-	-	-	-
Share Issue Costs	-	-	-	-
Balance as at 31 December 2016	22,863,391	-	(19,935,242)	2,928,149

Balance as at 1 July 2015	22,863,391	226,625	(17,276,632)	5,813,384
Net Loss for the period	-	-	(326,365)	(326,365)
Other comprehensive income	-	(226,625)	-	(226,625)
Total comprehensive income loss	-	(226,625)	(326,365)	(552,990)
Balance as at 31 December 2015	22,863,391	-	(17,602,997)	5,260,394

The Consolidated Statement of Changes in Equity
should be read in conjunction with the accompanying Notes

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated 31 December 2016 \$	31 December 2015 \$
Cash flows from Operating Activities		
Interest received	133,285	27,026
Interest paid	-	(19,200)
Other operating receipts	73,527	-
Other operating payments	<u>(737,492)</u>	<u>(691,792)</u>
Net cash flows used in Operating Activities	<u>(530,680)</u>	<u>(683,966)</u>
Cash flows from Investing Activities		
Investment realisation cost recovery	-	313,710
Payment for available for sale financial assets	(459,595)	(411,050)
Payment for investment in associate	(561,599)	(30,120)
Deposits and loans made	<u>-</u>	<u>(41,000)</u>
Net cash flows used in Investing Activities	<u>(1,021,194)</u>	<u>(168,460)</u>
Cash flows from Financing Activities		
Repayment of borrowings	<u>-</u>	<u>(100,000)</u>
Net cash flows from financing activities	<u>-</u>	<u>(100,000)</u>
Net (decrease)/increase in cash held	(1,551,874)	(952,426)
Cash at the beginning of the period	<u>2,187,180</u>	<u>4,008,145</u>
Cash at the end of the period	<u><u>635,306</u></u>	<u><u>3,055,719</u></u>

The Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying Notes.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1

Basis of preparation

This half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the *Corporations Act 2001*.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made during the half-year reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE REVENUE

2

	Consolidated	
	31 December	31 December
	2016	2015
	\$	\$
Interest revenue	133,285	123,132
Realised and unrealised Gain on listed investments	73,527	-
Other revenue - related party	332,386	-
	<u>539,198</u>	<u>123,132</u>

Other revenue - related party relates to fees and options received for introducing an investment to an associate of the Group, Dateline Resources Limited, during the period.

NOTE OTHER INCOME/(EXPENSES)

3

	Consolidated	
	31 December	31 December
	2016	2015
	\$	\$
Bad debts recorded/(written off)	(105,776)	216,040
Other Expenses	-	(46,234)
	<u>(105,776)</u>	<u>169,806</u>

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
NOTE AVAILABLE FOR SALE FINANCIAL ASSETS		
4 CURRENT		
Listed securities (Level 1)	<u>664,146</u>	<u>589,956</u>
NOTE RECEIVABLES		
5 CURRENT		
Mortgage Investment	2,706,439	2,600,663
Provision for impairment	<u>(2,706,439)</u>	<u>(2,600,663)</u>
	-	-
Trade debtors and loans- related parties	101,861	370,646
Trade debtors - other	63,426	229
Goods and Services Tax	<u>202,194</u>	<u>149,277</u>
	<u>367,481</u>	<u>520,152</u>

Mortgage Investment relates to a loan due from Nadi Bay Beach Corporation (NBBC).

Interest is charged at 8% per annum on the balance of this loan.

Trade debtors and loans- related party relates to a loan due from an associate of the Group, Dateline Resources Limited of \$32,281 and other expenses paid on behalf of Wailoaloa Developments Ltd of \$69,580. The Directors expect to recover this loan in full within 12 months of period end.

All other debtors are unsecured and non-interest bearing.

NOTE INVESTMENT IN JOINT VENTURE

6 NON-CURRENT

Bigirlyi Joint Venture - at cost	1,923,052	1,923,052
Bigirlyi Joint Venture - impairment provision	<u>(1,923,052)</u>	<u>(136,555)</u>
	-	<u>1,786,497</u>

Southern Cross Exploration NL has a 5% interest in the Bigirlyi uranium project located in the Ngalia Basin in the Northern Territory. As the Company does not have joint control, it accounts for its interest in the Joint Venture as an investor at fair value. The Directors have decided to fully impair this investment, based upon the Directors' best estimate of the value of the joint venture and the likelihood of generating future revenues.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

Consolidated
31 December **30 June**
2016 **2016**
\$ **\$**

NOTE AVAILABLE FOR SALE FINANCIAL ASSETS

7 NON-CURRENT

Listed securities (Level 1)	4,854	4,854
Shares in corporations not listed on ASX (Level 3) - at cost	165,789	100,000
	<u>170,643</u>	<u>104,854</u>

NOTE INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

8 NON-CURRENT

Set out below are the associates of the group at 31 December 2016

Associate	Country of Incorporation	Place of Business	Nature of Relationship	Ownership Interest
Wailoaloa Developments Ltd (WDL)	Fiji	Fiji	Associate	49.0%
Dateline Resources Ltd (ASX : DTR)	Australia	Australia	Associate	43.5%

WDL is a Fijian property development company. DTR is an exploration company listed on the ASX.

There is no quoted value for the Group's investment in WDL as this is a private entity.

The quoted fair market value of the Group's investment in DTR at 31 December 2016 is \$3,672,232.

No dividend has been received from either WDL or DTR for the period ended 31 December 2016.

The Group shares in no contingent liabilities of either WDL or DTR.

(a) Movement in Carrying Value

	WDL	DTR	Consolidated Group 31 December 2016	30 June 2016
	\$	\$	\$	\$
Carrying value at the beginning of the period	75,950	-	75,950	75,950
Investment during the period	-	1,482,386	1,482,386	55,120
Share of loss after income tax	-	-	-	(55,120)
Share of other comprehensive income	-	-	-	-
Carrying value at the end of the period	<u>75,950</u>	<u>1,482,386</u>	<u>1,558,336</u>	<u>75,950</u>

(b) Summarised financial information of associates

The following table summarises the balance sheets and statements of comprehensive income for the associates. The information disclosed reflects the amounts presented in the financial statements of the associates mentioned above and not the Group's share of these amounts.

Summarised Balance Sheets

	WDL		DTR	
	31 December 2016	30 June 2016	31 December 2016	30 June 2016
	\$	\$	\$	\$
Total current assets	1,545,694	4,979	764,762	121,006
Total non-current assets	13,627,266	10,291,262	9,990,090	4,562,019
Total current liabilities	(15,586,812)	(10,426,608)	(588,614)	(881,821)
Total non-current liabilities	-	-	(3,844,258)	-
Net Assets/(Liabilities)	<u>(413,852)</u>	<u>(130,367)</u>	<u>6,321,980</u>	<u>3,801,204</u>

Summarised statements of comprehensive income

Total Revenue	-	-	157	23,293
Profit/(Loss) from continuing operations	-	-	(140,229)	(617,163)
Other Comprehensive Income/(Loss)	-	-	7,417	64,747
Total Comprehensive Income/(loss)	<u>-</u>	<u>-</u>	<u>(132,812)</u>	<u>(552,416)</u>

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

		Consolidated	
		31 December	30 June
		2016	2016
		\$	\$
NOTE PLANT & EQUIPMENT			
9			
Carrying amount of plant and equipment		27,008	31,339
Motor Vehicles			
At cost		34,948	34,948
Less accumulated Depreciation		(7,940)	(3,609)
Total Motor Vehicles		27,008	31,339
Movement during the year			
Balance at the beginning of the year			-
Additions		31,339	34,948
Depreciation Expense		(4,331)	(3,609)
Balance at the end of the year		27,008	31,339

NOTE TRADE AND OTHER PAYABLES

10 CURRENT

Trade and other payables	348,155	178,179
Trade and other payables - Related parties	136,616	317,403
	<u>484,771</u>	<u>495,582</u>

NOTE FINANCIAL LIABILITIES

11 CURRENT

Loans - other (unsecured)	<u>10,000</u>	<u>10,000</u>
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NOTE SHARE CAPITAL

12

Issued

1,077,243.200 ordinary shares, fully paid (June 2016 - 1,077,243,200)	<u>22,863,391</u>	<u>22,863,391</u>
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	31 December	31 December	30 June	30 June
	2016	2016	2016	2016
Movement in	Number	\$	Number	\$
Issued Capital	of Shares		of Shares	
Balance at beginning of period	1,077,243,200	22,863,391	538,821,600	22,359,300
Share placements	-	-	538,421,600	538,423
Share issue costs	-	-	-	(34,332)
Balance at end of period	<u>1,077,243,200</u>	<u>22,863,391</u>	<u>1,077,243,200</u>	<u>22,863,391</u>

Ordinary shares are fully paid, rank pari passu, have no par value and carry one vote per share.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

NOTE ACCUMULATED LOSSES

13

Accumulated losses at beginning of period
Total comprehensive income (loss) for the period
Accumulated losses at end of period

Consolidated	
Six Months ended	Six Months ended
31 December 2016	31 December 2015
\$	\$
(18,073,045)	(17,276,632)
<u>(1,862,197)</u>	<u>(326,365)</u>
<u>(19,935,242)</u>	<u>(17,602,997)</u>

NOTE EARNINGS PER SHARE

14

Basic and diluted loss per share
Net loss used to calculate earnings loss per share
Weighted average number of ordinary shares on issue used in the calculation of earnings per share

Consolidated	
Six Months ended	Six Months ended
31 December 2016	31 December 2015
(\$0.0017)	\$0.0003
(1,862,197)	\$326,365
1,077,243,200	1,077,243,200

NOTE PARTICULARS OF COMPANIES INCLUDED

15 IN COMPANY ACCOUNTS

Northern Star Investment Pty Ltd
Northern Star Investment (Qld) Pty Ltd
Pacifice Island Properties Pty Ltd

Parent Entity Investment Equity Holding	
31 December 2016	30 June 2016
%	%
100	100
100	100
100	100

There has been no change in the equity holdings of subsidiary companies since June 2016.

SOUTHERN CROSS EXPLORATION NL AND CONTROLLED ENTITIES

NOTE 16 SEGMENT INFORMATION

Business Segment

The segment in which the company operates predominantly is the exploration industry, exploring for metals and other minerals and primarily for oil, gas and other energy resources, either directly and/or through equity investments in exploration companies. The "Other" segment predominantly relates to a mortgage investment with a related company involved in the development of property investments in ASX listed companies, and other loans made to related and other companies.

Segment Assets

	Total December 2016 \$	Exploration December 2016 \$	Other December 2016 \$	Total June 2016 \$	Exploration June 2016 \$	Other June 2016 \$
Geographical						
Australia	3,319,962	-	3,319,962	5,188,639	1,786,497	3,402,142
Fiji	102,958	-	102,958	107,289	-	107,289
	<u>3,422,920</u>	<u>-</u>	<u>3,422,920</u>	<u>5,295,928</u>	<u>1,786,497</u>	<u>3,509,431</u>

Segment Revenues

	31 December 2016 \$	31 December 2015 \$
Australia- Other	433,422	25,462
Fiji – Other	105,776	97,670
	<u>539,198</u>	<u>123,132</u>

There were no inter-segment revenues.

Segment Liabilities

	Total December 2016 \$	Exploration December 2016 \$	Other December 2016 \$	Total June 2016 \$	Exploration June 2016 \$	Other June 2016 \$
Australia	<u>494,771</u>	<u>494,771</u>	<u>-</u>	<u>505,582</u>	<u>505,582</u>	<u>-</u>

Segment Results

	31 December 2016 \$	31 December 2015 \$
Profit/ (Loss)		
Australia - Other	433,422	313,710
Australia - Exploration	<u>(2,295,619)</u>	<u>(640,075)</u>
Total Loss	<u>(1,862,197)</u>	<u>(326,365)</u>

NOTE 17 CONTINGENT LIABILITY

On 26 August 2015, Bond and Securities (Trading) Pty Ltd and Mr Boris Ganke (together the "Ganke Group") asserted that they were entitled to a portion of the sale proceeds received by the Company from the sale of mortgaged property in Fiji in June 2015. The Board have considered the claim and have formed the view that the Company has no liability to the Ganke Group. They consider the claim to be without substance and no material financial outflow will result. The Ganke Group has since registered a caveat over the titles held by Wailoaloa Developments Limited and commenced legal proceedings in Fiji. The Company has advised the courts in Fiji that it intends on defending the claims and will be seeking to have the caveats removed.

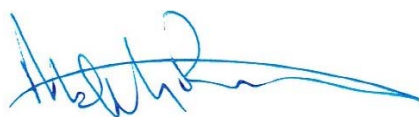
SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

In the Directors' opinion:

- (a) the consolidated financial statements and notes, set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulation 2001*, and other mandatory professional reporting requirements, and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



S Baghdadi
Director

Sydney, NSW
15 March 2017

SOUTHERN CROSS EXPLORATION N L INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Southern Cross Exploration N L:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Southern Cross Exploration N L ("the Company") which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration for the consolidated entity, comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

SOUTHERN CROSS EXPLORATION N L
INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Cross Exploration N L is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that appears to read 'M. Muller'.

M D Muller
Partner

Sydney, NSW
15 March 2017